

MINUTES – MAY 29, 2012

The Caswell County Board of Commissioners met in special session at the Historic Courthouse in Yanceyville, North Carolina at 5:30 p.m. on Tuesday, May 29, 2012. Members present: Nathaniel Hall, Chairman, Cathy W. Lucas, Vice-Chair, William E. Carter, Gordon G. Satterfield, and Kenneth D. Travis. Absent: Jeremiah Jefferies and N. Kent Williamson. Also present: Kevin B. Howard, County Manager and Gwen Vaughn, Finance Director. Paula P. Seamster, Clerk to the Board, recorded the minutes.

MOMENT OF SILENT PRAYER

Chairman Hall opened the meeting with a Moment of Silent Prayer.

BUDGET WORKSHOP

Chairman Hall stated “We do not have a printed agenda so I think what we will do is start by asking the County Manager and the Finance Officer to give us a brief overview. I think for the first meeting we want to spend some time getting ourselves organized. If you have any questions get them on the table so we can deal with getting all the information as we move forward. Before we start with the County Manager we will start with the Commissioners. If there are questions, ask them now so staff will be able to get the information by the next meeting.”

Commissioner Lucas asked “I have several, if I could get it in report form. How many vacant positions we have in the county currently? How long they have been vacant? What the salary amount is? Also gross pay. How many county employees are there?” Ms. Vaughn responded “Around 203.” Mr. Howard added “That is full time and permanent part time.” Commissioner Lucas continued “Gross pay for the 203? Not base pay but gross pay for annual salaries. Also based on the raise we talked about or that you presented at 3% what does that equate to in dollar amounts?” Mr. Howard responded “That is broken down in this presentation. We actually break it down at 1%, 1 ½%, 2%, 2 ½% and 3% in the presentation we have.” Commissioner Lucas continued “So how many full time employees are there?” Ms. Vaughn responded “It is based on all the full time employees other than the enterprise and the emergency funds.” Commissioner Lucas asked “So the raised is based on?” Ms. Vaughn responded “Any employee who is paid from a different fund for instance the Library fund, Section 8, Solid Waste, CATS, they are not included because they would absorb that raise in their budget. All employees that are paid from Fund 100 I can’t tell you the exact number right now. That would be who would be included in that raise. Everyone would receive the 3% but the calculations are based on...” Commissioner Lucas stated “I just need the total number who is planning to receive the 3% raise.” Mr. Howard added “What she was explaining is some do not affect the tax rate. The people who work for the enterprises, their raise would come from the enterprise funds.” Chairman Hall stated “As we go through these discussions I think we need to know everybody who will get a raise. Even though it does not affect the ad valorem taxes they will still get a raise.”

Commissioner Lucas asked “You say their raise comes from the enterprise funds?” Mr. Howard responded “The raises for the Solid Waste employees are based on the revenues from the Solid Waste Fund.” Commissioner Lucas continued “But their salaries are not?” Chairman Hall

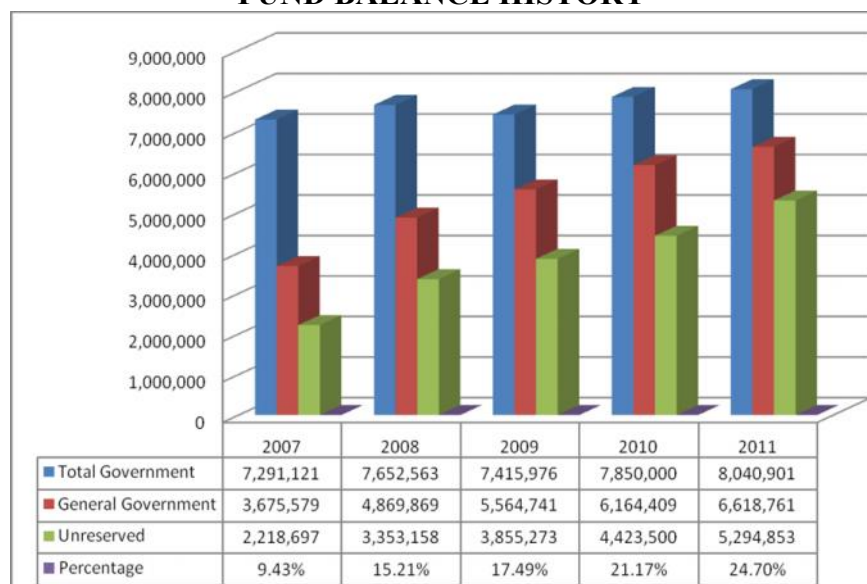
responded “The raise comes from the source.” Commissioner Lucas stated “From the source of the salary which would not be the Solid Waste Fund.” Mr. Howard responded “For the Solid Waste employees raises would be included in the revenues from the Solid Waste Fund, not from general fund tax dollars. What I was trying to get through to everybody is there are so many employees affected by the general fund which would affect the taxes, the property tax increases and those that would not affect that. We gave you a total number for all the employees but part of that is not reflected in the general fund.” Chairman Hall stated “Whatever is asked for don’t tell what is not in it do it by funds. General fund, enterprise funds, whatever get the numbers. Get the total number of people and the dollars in each fund.” Commissioner Lucas continued “And from where the salary is paid and where it comes from.”

Commissioner Carter asked “On the salary increase you have 3% is there any way you can do this without a tax increase?” Chairman Hall responded “Let’s hold that question until after the presentation. We will come back to it.”

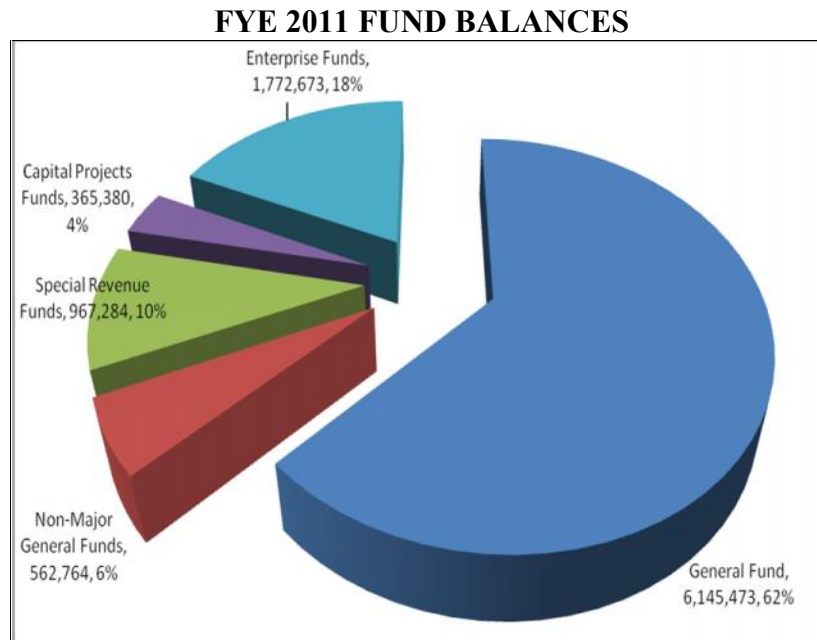
Mr. Howard stated “The finance director will do the presentation. She put this together. It is a budget snapshot showing the history for cash revenues, fund balance, expenditure requests and the recommendations.”

Ms. Vaughn stated “We will start with the Budget Snapshot. We are looking at the, as the county manager just said, the fund balance and cash and the history of the fund balance and cash. We will look at revenues versus expenditures. We will look at some of the requests from the departments and the recommendations by the county manager. First of all we wanted to give you enough information so that you would have enough information to look back on. This is the fund balance history and it is a 5 year history. You can see that the changes for the total government have stayed pretty much level. The general government has increased annually. The unreserved has increased also. The change in 2009 was basically because of the Senior Center construction. That is why it decreased a little.”

FUND BALANCE HISTORY



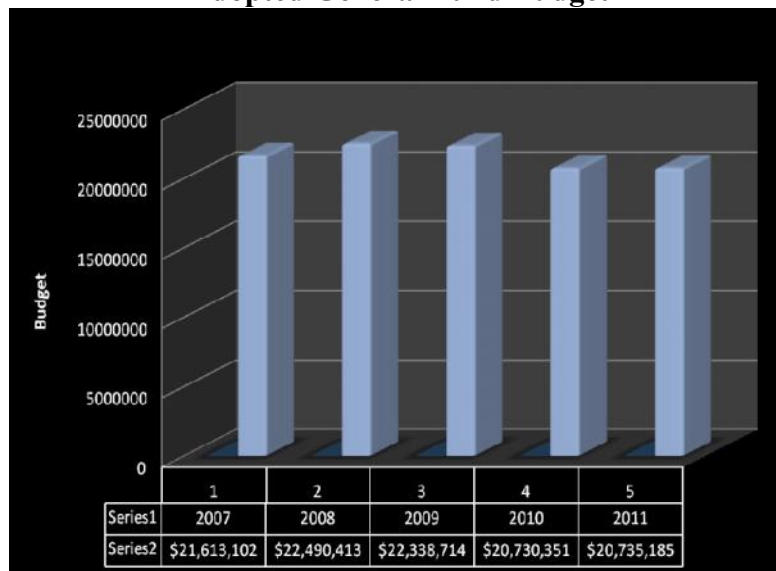
Ms. Vaughn continued “Next we will look at the 2011 Fund Balance. This is just the numbers you saw in the previous slide showing the percentages. The general fund has the largest percentage with 62%. Enterprise has 18%. The other funds: capital projects, special revenue and non-general funds make up the rest of the fund balance.”



Ms. Vaughn stated “Cash and Investments as of the ending balance of April 30, 2012 for the general fund in Fidelity we have \$222,395. For Fidelity’s Money Market for general funds \$436,695. For NC Management Trust \$7,228,200. With a total of \$7,887,280. That is a difference of about over one million dollars higher than what we had last year April 30th. That is based on our revenues. Our sales tax revenues have increased slightly. Our tax collection revenues are slightly higher and also our debt service is lower, the debt income payments are lower.”

Ms. Vaughn stated “The Adopted general funds shows for 5 years you will see we started with twenty-one million. We increased it for two years and then we decreased it by almost \$900,000 over the five year term. That is about a 4% decrease.”

Adopted General Fund Budget



Ms. Vaughn continued “Next is the tax levy information. I wanted you to see the adopted 2011, the current, and the proposed for next year, 2012-2013. The valuation you can see changed by about \$23,000,000. We started our projection last year at \$1.44 and we are proposing our projection is \$1.464 this year.”

Chairman Hall asked “What accounts for that change?” Ms. Vaughn responded “That would be the tax collection rate, based on the calculation usually we do a calculation of 9.1 and this year it will be a 9.2. I am about to get to that. The tax rate adopted for ’11-’12 was 65.9 and we are proposing a 1.5 cents increase to bring it to 67.4. The projected collections based on the valuation for the current year is \$9,152,546 and the proposed is \$9,244,484. That makes a difference, the difference is the valuation change and we are also looking at the 1.5 cents tax increase. 1 cent for the 65.9 rate is \$138,885. 1 cent for the 67.4 rate is \$140,280. That is based on the calculation of 95.82%. We do our collection rate on 95.75% for the current year and 95.82% on the proposed year.”

Chairman Hall stated “Let’s go back. I asked what accounted for the change in valuation.” Ms. Vaughn responded “We get the valuation from the tax director. Can you answer that Kevin?” Mr. Howard responded “Part of it was the current year adopted was lower than what the actual valuation ended up being for the fiscal year and that was part of it. The rest of it is some new construction in the county for this fiscal year. If you want more details you will need to get those from the tax director because I don’t know what else could cause the jump in those two things. It is close to what was closed out by the auditors for the last fiscal year. Is that correct?” Ms. Vaughn responded “The \$1.464 is what the auditor’s closed out on.”

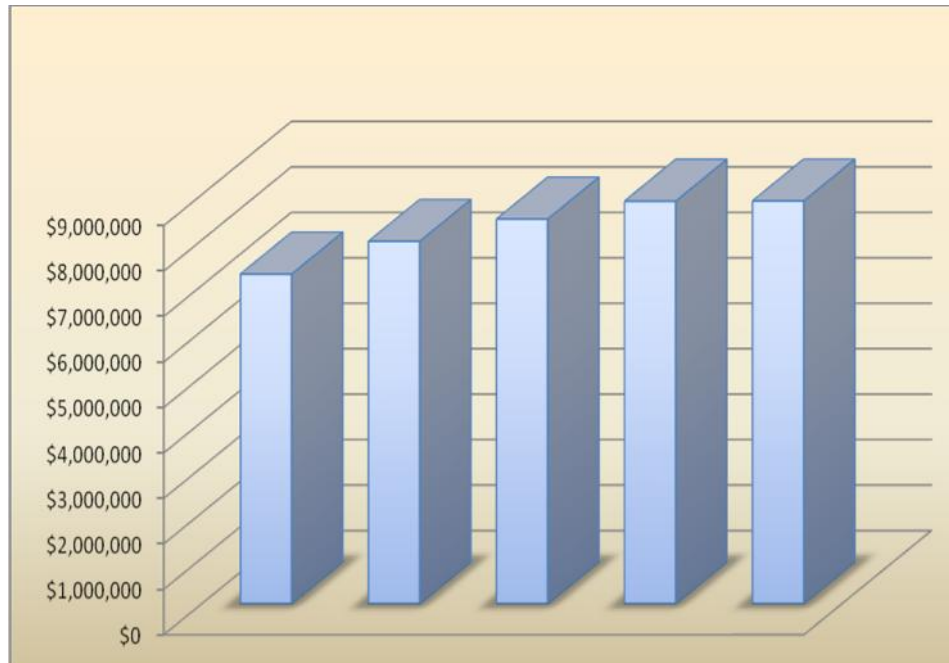
Commissioner Lucas asked “How did you get that wrong last year?” Ms. Vaughn responded “It was based on the calculations done early in April. The tax director will have you to give you an explanation.” Chairman Hall stated “We will need to get an explanation from the Tax Director because \$23,000,000 is significant.” Ms. Vaughn responded “I have some information that

shows you the difference in personal values, property values and utility values that may answer your question. I will get to that in a minute.”

Ms. Vaughn stated “The Tax Collection history if you will notice started at 95.33 and went up to 95.75. In 2012 we will be basing it on 95.82% for our collection rate.”

Commissioner Travis stated “Our collection rate is down from 2010.” Ms. Vaughn responded “Yes it is.”

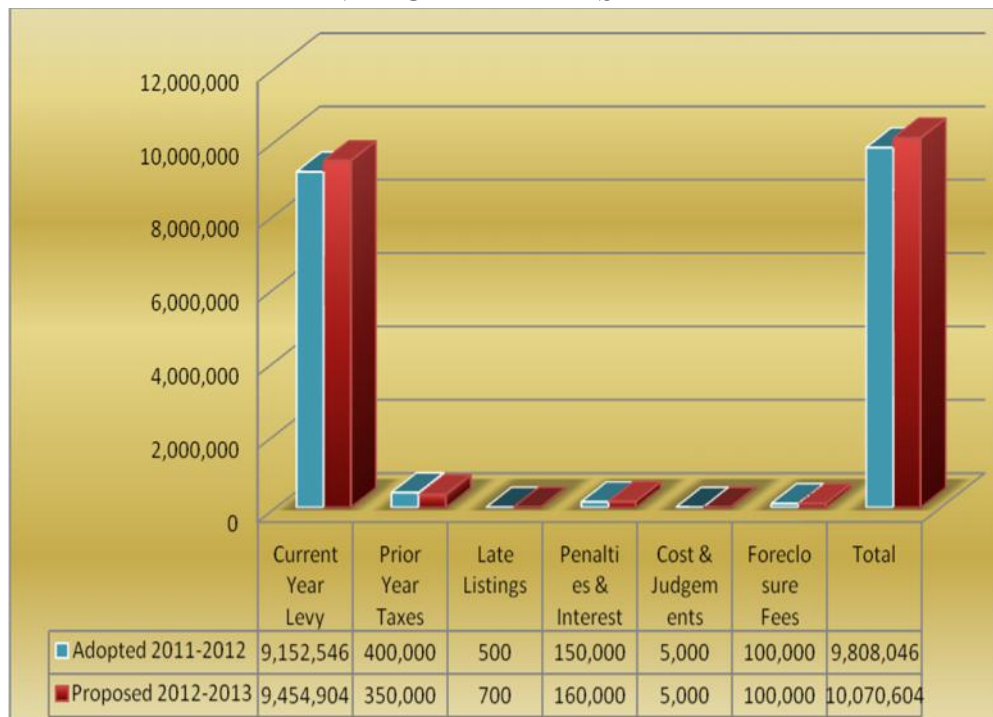
TAX COLLECTIONS RATE HISTORY



Ms. Vaughn stated “Next is Ad Valorem taxes. The ones in the blue are the adopted and the red are the proposed. The current year’s levy is \$9.1 and goes to \$9.4. This is based on the changed in the collection rate, the valuation and the increase. The prior year taxes were estimated at \$350 which is a little bit lower. The late listing increase by about \$200. Penalties and interest increased by \$10,000. Cost and Judgments we are estimating at the same rate. Foreclosure fees, we are leaving that at \$100,000. That number is on the expenditure side at \$100,000 as well. It is not paid until it is collected. So we put it on the revenue side and the expenditure side at the same amount. If you change it we will change it on the expenditure side as well.”

Commissioner Satterfield asked “I thought I saw something in the budget where George Daniel was appropriated at \$150,000. You say it is \$100,000?” Ms. Vaughn responded “It is \$100,000.” Commissioner Satterfield continued “I don’t know why I thought I saw it in here at \$150,000.” Ms. Vaughn responded “We will look at that one.”

AD VALOREM TAXES



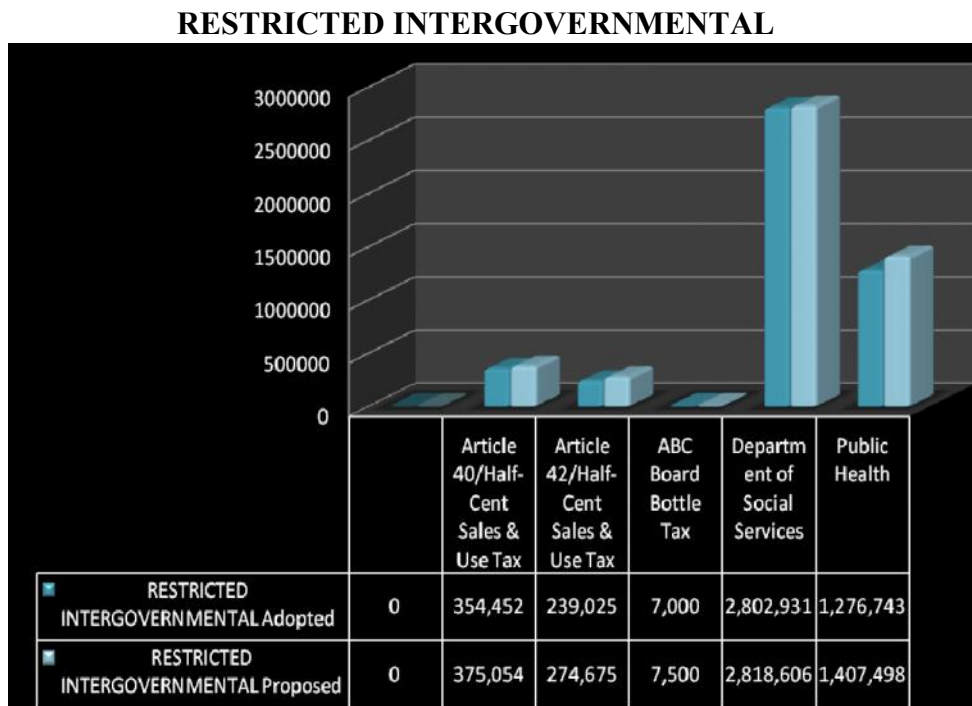
Commissioner Lucas asked “As of April 30th there was still \$56,604 left in that fund, why would that be?” Ms. Vaughn responded “Base on his contract we only pay the amount he turns in after the collection has been made. We don’t pay anything in advance and that number has decreased for the last couple of years. We started out with a very high number of \$100,000 or \$150,000 but it is decreased significantly.” Commissioner Lucas continued “So we are not spending what we put in the budget?” Ms. Vaughn responded “No we are not.” Mr. Howard added “We are estimating what it could cost. If his cost is \$50,000 a year that is what we pay him.” Commissioner Lucas asked “So as of April 30th we have paid him \$43,395 with a balance of \$56,604 left out of \$100,000?” Mr. Howard responded “We just paid May and it was about \$8,000.” Commissioner Lucas continued “So why do we have to budget \$150,000? Is it in the contract?” Commissioner Satterfield responded “They asked for \$150,000 and he has in there \$75,000. He is showing \$75,000 in expenditures and \$100,000 in revenues.” Ms. Vaughn added “It should be \$75,000 in each one. They should be the same.” Commissioner Satterfield stated “It makes the revenue side look better. You are not going to spend it unless you get billed for it.”

Commissioner Travis stated “I think if someone goes through that once they are more likely not to have to go through that again.” Mr. Howard responded “That is the way it works. We have some folks that just don’t pay their taxes until it is turned over to the attorney.”

Commissioner Lucas asked “Can we forgo the first letter and send the second letter to see if they respond to that? There may be a cost savings there.” Chairman Hall stated “There are a lot of things we can do. I just heard from a citizen that said that the second letter came about 6 days after the first letter and it included \$155 fee.”

Commissioner Travis asked “Does the first letter come from the tax office or does it come from George’s office?” Mr. Howard responded “They get a delinquent letter from the tax office. Once it gets to a certain point it is turned over to foreclosure. I think they send another letter out let them know that it has been turned over to an attorney. I think the Board asked them to do that. Once they create an account in their office they charge \$155.”

Ms. Vaughn continued “Slide 10 shows the Restricted Intergovernmental which is the sales tax distribution, bottle tax, Department of Social Services and the Public Health Department. The restricted governmental has increased by about 5.7%, the adopted over the proposed.”



Chairman Hall asked “Tell me again, I always forget, what is restricted?” Ms. Vaughn responded “Restricted sales tax 40 & 42, that goes to School Capital Reserve, the Bottle tax is what we pay to the LME PBH, the DSS and Health Department are their restricted grant funding funds, state and federal funds. The unrestricted is Article 39, 40, 42 and we no longer have 44. We still get a little trickled in of revenues but it is not very much. We proposed quite a bit of a difference in Article 39 based on our collections at the time that I did the calculations, which was on March 30th. This is a 17% increase but it is based on our collections and I only did the collection increase at 2%. Our sales tax 39 has increased quite a bit based on what we had projected for the current year.” Chairman Hall asked “What is 39?” Ms. Vaughn responded “39 is our 1 cent sales tax.”

Commissioner Lucas asked “You are projecting 2%?” Ms. Vaughn responded “We projected 2% based on our collection at the time we were preparing the budget which was March 30th.”

Commissioner Satterfield asked “Ms. Vaughn do you get a breakdown from the state on sales tax revenues, the source of the revenues by any chance? I was just wondering what affect Wal-Mart

is having an effect on the sales tax.” Ms. Vaughn responded “I don’t get that much of a breakdown. I do get some information but not much of a breakdown.” Mr. Howard added “We might if we requested it.” Commissioner Satterfield stated “I imagine it is a pretty good source of sales tax revenue.” Chairman Hall stated “Let’s see if we can get from the state a list of all businesses that charge sales tax in Caswell County. We need to make sure that they are being sent in properly.”

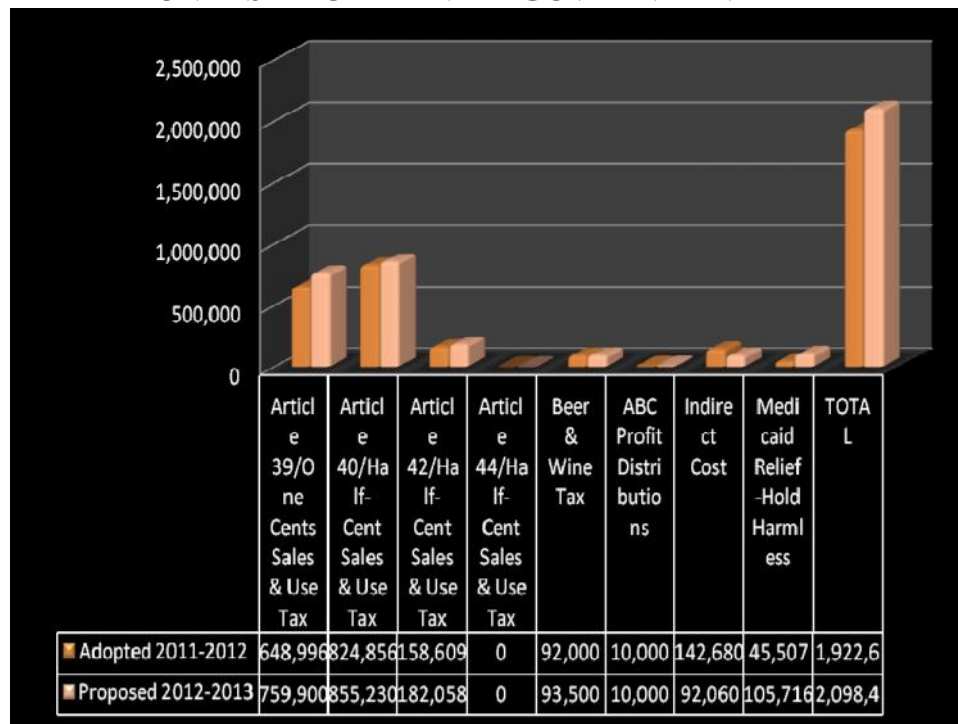
Commissioner Satterfield asked “This thing on ABC profits, said you have \$10,000 in here, distribution. As I looked in here at the end of April they are in the negative?” Ms. Vaughn responded “That number is a negative number and I looked at that and we addressed that last year. Usually the auditors will move out the prior year. Sometimes we don’t get that 4th quarter until maybe December or January and by that time our books are done so when it gets posted it is a negative number and I can’t go back and put it in because it is in the current year. This year we may see a larger number that offsets that negative number, if that makes any sense to you.” Commissioner Satterfield continued “Who does their audit?” Mr. Howard responded “Their last audit was Winston, Williams & Creech.” Chairman Hall stated “We are not getting the information in time from the ABC Board. I would like for it to reflect the actual amount.” Ms. Vaughn responded “We will get the 4th quarter at a late time. The 4th quarter beer and wine profits come in usually late in the year usually October, November and sometimes January.” Chairman Hall asked “Who sends to profits?” Ms. Vaughn responded “That would be the ABC Board.” Chairman Hall continued “Why is it taking so long?” Commissioner Satterfield responded “The same reason it does on our sales tax. Our last quarter sales tax is never entered into our current budget because we don’t get the figures in time. Is that right Ms. Vaughn?” Ms. Vaughn responded “We do get our sales tax in time.” Commissioner Satterfield continued “I thought we told me on several occasions that we stay about 2 months behind on those things.” Ms. Vaughn responded “We are about 2 months behind but by the time our audit is done. Let’s see we get our May in July and June in August so we have time to get it into the fiscal year.” Commissioner Satterfield stated “I thought that I looked at the figures one time and you told me that we were late getting it, I may have been mistaken.”

Ms. Vaughn continued “You will notice that the indirect cost is reduced and that is due to the projection of the waiver of Section 8 and that is up for discussion when we get to that point. The Medicaid Hold Harmless we projected at the current year \$45,507. We are projecting the new year at \$105,716 and that is based on our state numbers. Overall our adopted and proposed change is just over 9% increase.”

Commissioner Satterfield stated “Indirect cost and this goes back to the question I asked at the meeting with Section 8. I asked if anyone else was paying indirect cost in Caswell County. You told me no.” Mr. Howard responded “I must have misunderstood because CDOT pays indirect cost and Solid Waste pays indirect cost.” Commissioner Satterfield continued “I know. We have FHA that pays rent and we have someone else that pays rent.” Mr. Howard responded “That is not indirect cost.” Commissioner Satterfield stated “It is kind of like indirect cost.” Mr. Howard responded “FHA is a federal fund.” Commissioner Satterfield continued “Section 8 Housing is a federal program. I did ask that question that night. If you will go back and look at the minutes, I think, if there was anyone else that pays indirect cost. They acted like that night that they were the only ones that paid indirect cost. Granted they were paying a lot more. I don’t

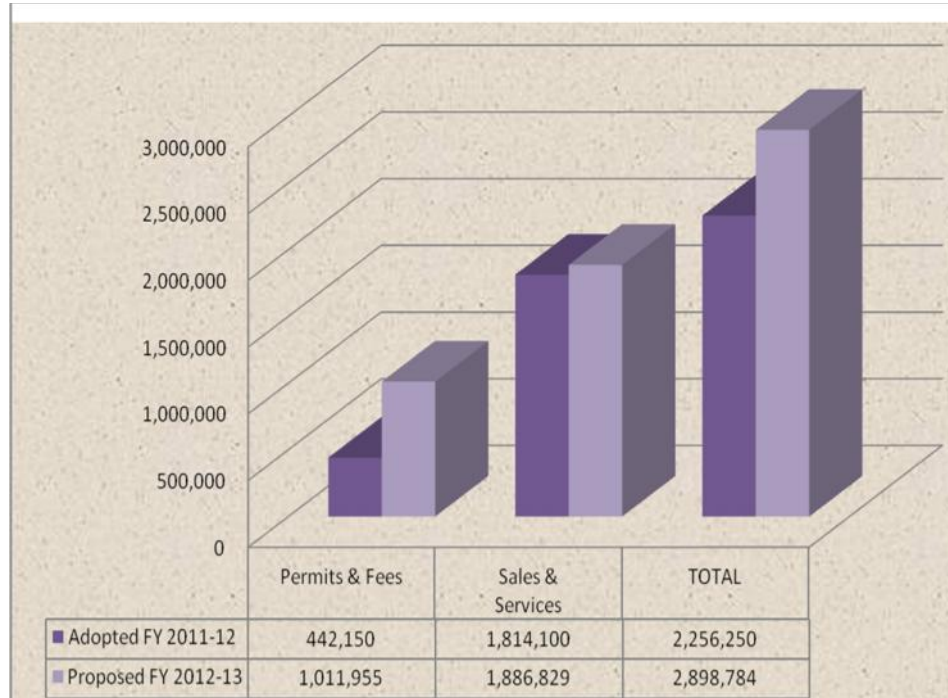
know what indirect cost is based on, the square footage or what? Why were the paying fifty some thousand while the others are not paying as much?” Commissioner Lucas responded “It is a formula isn’t it?” Ms. Vaughn responded “It is.” Mr. Howard added “I think they included the voucher which drove the cost way up. There is a new person doing it this year. We will look at that and see how it compares to the last time.” Commissioner Satterfield stated “Well if CATS is paying an indirect cost and Solid Waste then I see no reason for Section 8 not to pay it, at least a reasonable amount. It may not be \$50,000 but some amount.”

UNRESTRICTED INTERGOVERNMENTAL



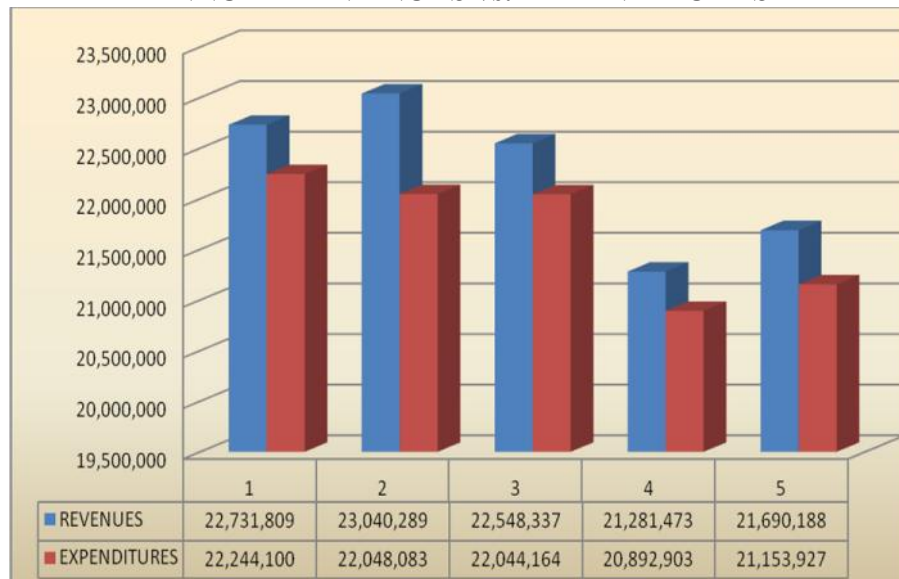
Ms. Vaughn stated “The Permits, Fees, Sales and Services. You will see that the permits and fees changed drastically from that adopted to the proposed. That is about \$569,000 and that is based on the detention center reimbursement projections. Sales and Services increased by about 4% and overall it was a \$642,000 increase from the adopted to the proposed. Our general fund annual revenues and expenditures you will see...” Commissioner Lucas asked “The sales and services, what is that?” Ms. Vaughn responded “The sales and services are all the fees that the departments collect.” Commissioner Lucas asked “You are projecting a \$642,000 increase?” Ms. Vaughn responded “Yes for the total of permits, fees, sales and services, in that total group.”

PERMITS & FEES SALES & SERVICES



Ms. Vaughn continued “The general fund annual revenues and expenditures you will notice the change there. We started with twenty-two and we have gradually increased to twenty-three in revenue and we are back to twenty-one million for 2011 fiscal year end. As far as the range we had the highest amount in 2008 with \$992,000 difference, revenue versus expenditures.”

GENERAL FUND ANNUAL REVENUES vs. EXPENDITURES



Commissioner Lucas asked "Can you back up to Permits and Fees? You said the \$569,000 is the increase in the detention center fees?" Ms. Vaughn responded "It is largely based on that, yes." Commissioner Lucas continued "So when exactly are we going to be completed with the project?" Mr. Howard responded "We are planning to be completed and in the jail by January 1st." Commissioner Lucas stated "So that is about 6 months of fees?" Mr. Howard responded "Yes."

Ms. Vaughn stated "We are looking at the proposed budget for the current year. The over recommended budget is \$26,018,181 and the general fund part is \$21,716,685. The fund balance appropriation for Public Health is \$258,460. The Designated Sheriff is the portion left from the policing and the projection for this year at the close for his reimbursement and he is projecting about \$90,000. The cost of living increase at 3% is \$224,604. The Capital Items included in this proposed budget is the first payment of the DSS document management project \$82,391, the School system capital outlay \$450,000. That is \$150,000 more than what they have in this current year. PCC is \$30,000 more than what they have in the current year. APS is \$133,000 which is \$33,000 more than what is in their current year."

Commissioner Carter asked "Did you ever find out what the School Board has in their fund balance?" Ms. Vaughn responded "We can get that number."

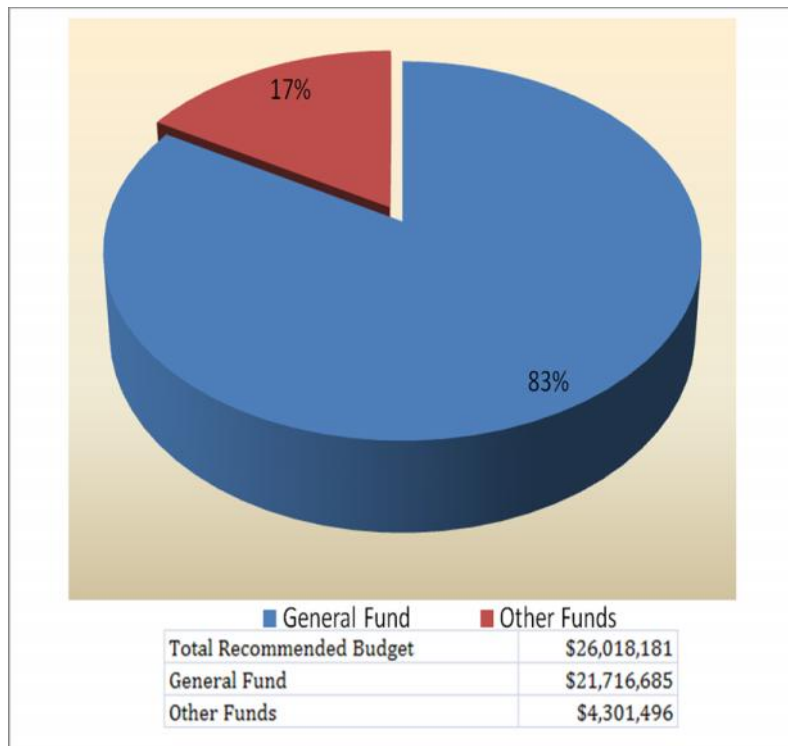
Commissioner Lucas asked "So the APS is the total appropriation instead of the difference of \$33,000?" Ms. Vaughn responded "Yes, that is their total capital appropriation." Commissioner Lucas continued "I was just wondering why you did a distinction of the others and that? What is the \$30,000 for PCC?" Mr. Howard responded "To pave the parking lot." Commissioner Lucas stated "And for the Schools? We need a list, I think, for what they are planning for the \$450,000. Are we planning to meet with the School Board at all?" Chairman Hall responded "Usually they request to meet but they have not this year." Commissioner Lucas continued "They are getting the \$450,000 plus the \$500,000 in Article 40 and..." Ms. Vaughn responded "The Article 40 and 42 they do not receive that. That is a reserve fund. That goes into the reserve fund to pay the school bond." Commissioner Lucas asked "What school bond?" Ms. Vaughn responded "Dillard Middle School." Commissioner Lucas continued "That is \$300,000." Ms. Vaughn responded "But the Article 40 and 42 is set aside in the capital reserve and it stays there unless you appropriate it out." Commissioner Lucas stated "They that is designated for that purpose. That is not to say that they get it. But we have appropriate for that and we are giving them the \$450,000 in addition?" Chairman Hall responded "The sales tax article goes to reserve. The \$450,000 does to the repairs of the buildings. They cannot do those repairs out of the sales tax articles." Commissioner Lucas continued "And the bond payment is \$300,000." Ms. Vaughn responded "It is \$304,000. There is also an appropriation \$300,000 that comes out of that capital reserve fund in this budget that will offset the \$450,000." Commissioner Lucas asked "Where does that come from?" Ms. Vaughn responded "It comes from the school capital reserves. Basically the school capital reserve is going to be reduced by \$604,000 for the current year." Commissioner Lucas continued "Where do we see that?" Ms. Vaughn "As we get to it you will see that. It is in the revenue side on the transfer side. The money comes in 40 & 42 and it is set aside in the school capital reserve fund. The payment when it comes due \$304,000 will be taken out of that. The \$300,000 that has been appropriated in 2011-2012, it is in this budget, \$300,000 will come out. Also in 2012-13 there will be

\$300,000 more coming out that will offset the \$450,000 to the schools. We are taking \$600,000 out to pay the bond payment and to offset the capital fund. They are asking for \$300,000 and if you appropriate them \$300,000 then we are just taking it out of school capital reserve and giving it to them. You are not using county funds. Prior to several years ago it was strictly a county fund.” Commissioner Lucas asked “So that is the \$450,000 being proposed?” Ms. Vaughn responded “The \$450,000 is the total amount being proposed.” Chairman Hall stated “If I am correct out of the \$450,000 \$150,000 is out of ad valorem taxes and the \$300,000 is out of sales tax revenues.” Ms. Vaughn responded “That is correct.”

Commissioner Lucas asked “Do we know about the status of their lottery money?” Ms. Vaughn responded “I will have that total for you as well. They have not spent any because the lottery has to come through the county. You have to sign off on it as well so they have not spent any.” Chairman Hall asked “Will we be told how much is in their lottery reserve?” Ms. Vaughn responded “Yes.” Mr. Howard added “We will get their fund balance, the ADM and the lottery.” Chairman Hall asked “How much stimulus money did they get last year?” Ms. Vaughn responded “That I will have to find out.” Chairman Hall stated “I would like to see the lottery dollars, the stimulus dollars, and everything they had spent before we make a decision on this budget.” Ms. Vaughn stated “And if you will recall we did request, you did request from the Board to use part of their funding to pay one of the bond payments and they did not want to go that route. That was an option at one time.” Chairman Hall responded “That is why I want to see the big picture before we make a decision.”

Ms. Vaughn stated “The total recommended budget is \$26,018,181. The general fund is \$21,716,685 which is 83% of the total budget. The other funds represent 17% of the total budget.”

FY 2012-2013 PROPOSED BUDGET



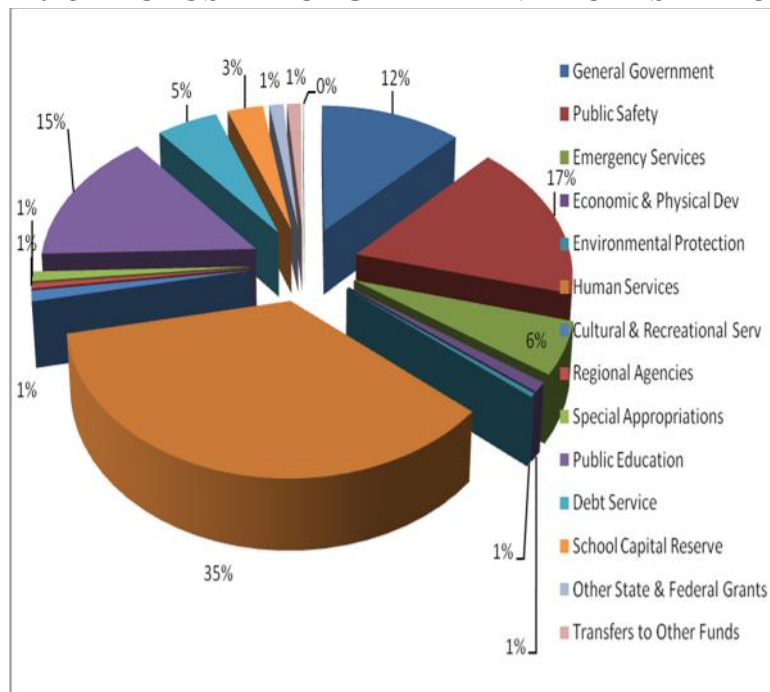
Ms. Vaughn continued “When we look at the proposed budget by function...”

**FY 2012-2013 PROPOSED BUDGET
BY FUNCTION**

▶ General Government	2,618,426
▶ Public Safety	3,731,033
▶ Emergency Services	1,228,280
▶ Economic & Physical Dev	225,158
▶ Environmental Protection	87,275
▶ Human Services	7,686,251
▶ Cultural & Recreational Serv	249,580
▶ Regional Agencies	122,061
▶ Special Appropriations	225,579
▶ Public Education	3,198,865
▶ Debt Service	1,134,786
▶ School Capital Reserve	664,729
▶ Other State & Federal Grants	261,091
▶ Transfers to Other Funds	257,500
▶ Contingency	26,071
▶ TOTAL	\$21,716,685

Ms. Vaughn stated “The next slide shows the percentage by function. If you will start at 12% slightly at the top and to the right and follow around clockwise that is how the numbers come out. The General Government is 12% and Public Safety is 17% and it continues to go around. Human Services is at the bottom with 35%. The next highest would be at 15% and that is Public Education. 5% is Debt Service.”

FY 2012-2013 PROPOSED BUDGET EXPENDITURES BY FUNCTION



Chairman Hall asked “What is included in Human Services?” Ms. Vaughn responded “Health, Social Services, Senior Center, and Family Domestic Violence.”

Commissioner Satterfield asked “In Public Safety, what all does that include?” Ms. Vaughn responded “Sheriff, EMS, School Resource, 911, Building Inspections, Animal Control and the Coroner.” Commissioner Satterfield continued “Well what does the Emergency Services include?” Ms. Vaughn responded “Emergency Services is included in that. Emergency Services includes EMS and Emergency management.” Commissioner Satterfield asked “EMS is not in that 3.7% then?” Ms. Vaughn responded “That is correct. It is not included. Emergency Services is set aside with those other two funds.”

Ms. Vaughn stated “Cost of Living...”

COST OF LIVING INCREASE

- 1.0% \$74,868
- 1.5% \$112,302
- 2.0% \$149,736
- 2.5% \$187,170
- 3.0% \$224,604

Ms. Vaughn continued “I wanted to give you a breakdown so that you would see the difference in these numbers.”

Commissioner Travis asked “Does this include benefits and everything?” Ms. Vaughn responded “Yes it does.”

Ms. Vaughn stated “The projected year end close out...”

**PROJECTED YEAR-END CLOSEOUT
General Fund**

General Fund	
Adopted Budget	\$ 20,735,185
Amended Budget	\$ 21,592,903
	\$
As of April 30, 2012	
Revenues	\$ 17,538,643 81%
Expenditures	\$ 17,143,619 80%
Estimated Year-End Close	\$ 232,250

- 1. The estimated year-end balance is based on the General Fund only. (Fund 100)*
- 2. The two main revenue sources; tax collections and sales tax distributions are estimated on average. Both are unpredictable.*
- 3. Variables to consider include fourth-quarter contributions to other funds, carryover of restricted funds, etc.*

Ms. Vaughn stated “And that is the end of the presentation. Do you have any additional questions?”

Commissioner Carter asked “The money we have leftover will go into the fund balance, is that correct?” Ms. Vaughn responded “Yes sir it goes into fund balance if not designated by the Board.” Commissioner Carter continued “Now my next question is, the money we put in the capital account, if we have not spent all of that money, does that money go into fund balance?” Mr. Howard responded “The capital fund is a separate fund. There are still projects that are in the works. There are 3 major projects. One is this facility. Then you have the Guilford Mills roof and the Courthouse HVAC. Coming to you at the next meeting I will have a quote from engineers to design the HVAC for \$100,000. Brian is checking to see if we actually need an engineer for the project. That is kind of hard to swallow to have an engineer bill for ½ what it is going to cost to put the unit in.” Commissioner Carter asked “That roof on Guilford Mills was

that \$141,000?" Mr. Howard responded "That was the estimate." Commissioner Carter continued "From what you told us if the other thing happens we won't have to spend that money."

Ms. Vaughn stated "I have on the screen a calculation based on the tax increase. We are at 65.9 and we move it to 67.4. At about \$50,000 you are paying about \$7.00 more a year based on the rate. If the valuation is \$100,000 it would increase by \$14.00. If you have a valuation of \$300,000 you will pay \$42.00 more."

Commissioner Travis asked "I would like to know if there is any way to find out how much money this county lost this last year on people taking their land out of farm use and planting trees on it." Commissioner Satterfield responded "In most cases Mr. Travis it is probably not much difference at all. In the farm use plan all the land carries a different value based on whether it is open land, swamp land or trees. Open land carried a higher value, open land that you can raise a crop on, carried a little bit higher value than an acre of trees." Commissioner Travis continued "If you have a 200 acre farm and you plant all trees the county loses money." Commissioner Satterfield responded "It loses a little bit. Those values and everything are guided by state statute." Commissioner Travis stated "I understand that but that still does not answer my question. If I have 200 acres of farm land and I plant it all in trees my property taxes are going to do down. I am just interested I how much of this is being done." Commissioner Satterfield stated "Probably the Forestry Service can give you those numbers." Mr. Howard added "I think the tax office can give you those numbers." Chairman Hall stated "We will schedule a time during one of these work session to have the tax director to come."

Chairman Hall asked "Let's go back a moment to Page 14 under the recommended budget for fund balance appropriation. I think I have the designated sheriff. That Public Health is that for Home Health or something?" Ms. Vaughn responded "It is part of his Home Health and his restricted and unrestricted. I don't know the difference in the amounts for each one but it is for Home Health." Commissioner Satterfield added "It is about half if I remember Mr. Chairman. It is going to almost deplete the restricted fund balance. The Home Health is unrestricted. What is appropriated this year is going to leave in it this year will probably be enough to operate probably one more year. We got some bad news in the last meeting. The Medicaid settlement, Dr. Moore had been communicating with those people in Raleigh, we have been getting between \$200,000 and \$250,000 each year over the last several years in the cost settlement after the fiscal year is over in January. They told us it has been miscalculated in the past and that we would probably only get \$30,000 this year." Ms. Vaughn asked "For 2012-2013?" Commissioner Satterfield responded "No for 2011-2012." Commissioner Lucas asked "Which line in the budget is that Gordon?" Commissioner Satterfield responded "I don't know off hand. I know this is going to have an effect and we did not know anything about until the last meeting, a couple of weeks ago." Commissioner Lucas asked "That will need to change in here won't it?" Commissioner Satterfield responded "Yes and it probably will have to be a budget amendment in this current year because it was projected in this current '11-'12 year and that is what the settlement is for. The worse scenario Mr. Chairman is if they come back and say this fund has been figured wrong for the last three or four years and we want our money back. Dr. Moore does not know anything yet. There is that possibility that they could ask for the money back. Hopefully that will not happen. This is going to have a drastic effect because this has been the

money that has been put back in that fund balance each year for the Health Board to appropriate and not ask the county for so much money.” Commissioner Lucas asked “Where is that in the budget?” Ms. Vaughn responded “I believe he adds it into the Health Administration because there is not a Medicaid cost settlement line for the Health Department.” Commissioner Satterfield added “I don’t know what line item it is in Ms. Lucas.” Ms. Vaughn responded “I will check with Dr. Moore to see if he includes it in his Public Administration, all of his state funding.”

Chairman Hall asked “We talked earlier about Hold Harmless, are we seeing some losses there?” Ms. Vaughn responded “This year we have already received \$42,000 and we are expecting about \$90,000.”

Chairman Hall stated “The Board needs to consider or think about if we want to have a ¼ cent sales tax option. I don’t think the Board took it serious the last time. We voted for it but we did not encourage the citizens to vote for it. Sales tax covers the whole county. It covers everyone who spends money in the county and it is not just the citizens of Caswell County. This is something that we need to consider.” Commissioner Travis responded “We can vote on it again.”

Commissioner Satterfield asked “On the NRG collections for EMS is that typical for this time of year Ms. Vaughn? We should be at around 83% but we are not even close to 83%. Is that typical for this time of the year or generally does a lot of money come in the last couple of months or something?” Ms. Vaughn responded “This year we changed from EMS Source to NRG and they had to do a whole new application process.” Commissioner Lucas asked “Who made that decision.” Mr. Howard responded “The Board did. EMS Source went away this time last year. The Board approved to use NRG.” Ms. Vaughn continued “The revenues have been slow coming in but two times now we have received a lump sum from collections. They are trying to speed up the process and get the collections in before the fiscal year ends.” Mr. Howard added “We had a meeting with NRG and they said that they would meet what was projected in this fiscal year’s budget.” Chairman Hall asked “How much was budgeted?” Ms. Vaughn responded “\$700,000.” Chairman Hall continued “And what does it cost the county?” Mr. Howard responded “6%. We budgeted \$700,000 in actual revenues and 6% on the expense side in addition to that.” Commissioner Lucas asked “We still have an EMS person in the tax office, is that right?” Ms. Vaughn responded “Not to my knowledge. The title is still the same but the part time person who was there retired.” Commissioner Lucas continued “Which one was that, we had two positions listed.” Ms. Vaughn responded “One retired that was working part time. I think that may be the hourly person. Since then a person has been replaced. It has been about 2 months now may a month now. I am not sure what that job title is now.” Mr. Howard added “What they were doing was collecting old debts prior to EMS Source. They were very old debts that were older than 5 or 6 years.”

Chairman Hall stated “I think we think that we save money by contracting these things out but if we are paying someone 6% on \$700,000 it would make sense to me to have our own collection agency in house for the whole county. Get people trained on what to do and how to do it. It seems that for years we have thought that we are saving money but we really are not.”

Commissioner Lucas asked "Kevin you have worked with both agencies what is the distinction?" Mr. Howard responded "EMS Source was charging 10% and NRG is charging 6%. NRG bought EMS Source and they actually hired two of their staff."

Commissioner Carter asked "Is the Sheriff Office requesting any cars or is the EMS requesting another ambulance for next year?" Mr. Howard responded "It is not in the budget. We will get to that when we go over the capital fund. There was no request from the Sheriff's office. There was a request for one ambulance and an EM vehicle that is not included in budget."

Ms. Vaughn asked "Would you like to see any department heads at the next meeting or the first meeting in June?" Mr. Howard added "Other than the Tax Director." Commissioner Carter responded "The Sheriff. He may be able to tell us more about the jail." Chairman Hall responded "At the present we do not need any department heads but it could come up later."

Commissioner Satterfield asked "I have a question about Elections. I just noticed in reading in the justifications they are talking about an assistant. I noticed they requested \$55,000 and you trimmed that to \$30,000 so you must have knocked the assistant out. Is that what you did? I noticed that in 2010 we had an election and they had \$2,000 in overtime and they have \$2,000 this year. Of course, they requested \$4,200. Then the part time salaries in 2010 were \$5,000 and this year you have it at \$10,880. Why is this election difference from 2010?" Mr. Howard responded "We included some extra to have Mary Jo to come in and train during the election process. She is still doing training. She is working part time now to continue to train the current director. It was extra time figured to help her get through that process." Commissioner Satterfield continued "So this is going to run through December then?" Mr. Howard responded "Yes sir."

Commissioner Lucas asked "Are you going to get into individuals budgets? What is our format here? I can sit here and go through the entire budget." Chairman Hall responded "I don't think that is our format or at least that is not what I was thinking. We set the budget workshop up for 2 hours. I wanted to get all of our questions out there so that staff will have time to get them answered. We need to decide now how we are going to handle this. It was not my thinking that we would go line by line. I think if we have questions we can do one of two things. Number one we can get those questions to staff and have them to get the answers and then we can rate them. Go through the complete book will not get us very far. We have to look at the policy side of this. There are still some policy issues that we need to review. If we are going to go a cost of living increase we need to decide how much." Commissioner Lucas stated "I need to know the number of employees." Chairman Hall responded "And that will be coming back at the next meeting." Chairman Hall stated "One of the things I asked staff to do is a type of tier type structure for raises. Just for an example we will give x% for all employees that make \$30,000 and below and x - 5% for all those employees that make \$30,000 and more or something like that. That is just a thought."

Commissioner Carter asked "My question is and I know you probably don't know but do you have an estimate on how much is going to be leftover in the budget that will be going into fund balance?" Ms. Vaughn responded "It is projected at \$232,000." Commissioner Satterfield stated "I think that money should go towards the capital improvements."

Commissioner Lucas stated "I would like to see a breakdown on what has been spent with the money in the capital improvements funds. I hear that all the time that we put money into the building fund and did not give raises last year." Commissioner Satterfield responded "We can't let the buildings fall down around the employees. What if someone would have been standing down there and that plaster fell on top of their head." Commissioner Lucas asked "When are we going to get work done on this building? It is embarrassing." Mr. Howard responded "I have been trying to get estimates on this building." Commissioner Travis added "Nobody wants to work on it." Mr. Howard stated "I have sent this out to several people and I have not received anything back." Commissioner Lucas responded "But we received back an estimate for the air conditioning at the courthouse, for renovating the Board of Elections' move, and all of these other priorities, is that right?" Mr. Howard responded "The estimate from HVAC was based upon a grant from several years ago." Chairman Hall stated "We have had this building scraped. It is very difficult to get someone to work on this building because we are going to make them stand behind their word. When you talk about old buildings, nobody wants to do the work." Commissioner Satterfield asked "Can I make a suggestion. Mr. Manager can you call the North Carolina Historical Association in Raleigh to see if they can give you some type of recommendations to have someone to work on this historical courthouse?" Commissioner Lucas responded "Kevin did I not make that recommendation when we approved this?" Mr. Howard responded "If you did I don't remember that. I will check into that."

Ms. Seamster asked if the Commissioners had any meeting dates for the joint meeting in July. Chairman Hall responded "No. Stay on us Ms. Seamster we will get them."

RECESS

At 7:20 p.m. Chairman Hall recessed the meeting until Thursday, May 31, 2012 at 5:30 p.m.

Paula P. Seamster
Clerk to the Board

Nathaniel Hall
Chairman
